

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBER 96-0361 ST
Sales And Use Tax
For Tax Periods: 1993 Through 1995

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ISSUES

1. Sales and Use Tax-Aircraft

Authority: IC6-2.5-3-2(b).

STATEMENT OF FACTS

Taxpayer is an industrial processor. In 1995 Taxpayer purchased a used airplane from an out-of-state vendor. After purchase, Taxpayer installed a new engine and upholstery in the airplane. Auditor assessed use tax on the value of the improved company airplane. Taxpayer protested and a hearing was granted.

DISCUSSION

Pursuant to IC 6-2.5-3-2(b), Indiana imposes use tax on the use of aircraft that need to be licensed by Indiana for use in Indiana. Taxpayer purchased a used airplane and restored it for use as its company airplane. The law clearly imposes use tax on this airplane. Taxpayer agreed that use tax was owed. Taxpayer submitted a copy of its "Application For Aircraft Registration or Exemption" form and the company check used to pay the applicable use tax, penalty and interest on October 17, 1996. Since the tax was paid after the end of the audit period, the Auditor did not find it in her analysis of the company books for the tax period 1993-1995.

FINDING

Taxpayer's protest to an additional assessment of use tax on the airplane purchased and refurbished in 1995 is sustained.